Mr. E. Ikkanda Warriar.—What is his record? How long had he been in that line? I have not heard of him as a pioneer in the textile industry. I have heard of him only as a banker That is why I am asking.

Mr. P. V. Subramania Ayyar—I am not in a postion to give more information.

Mr. E. Ikkanda Warriar.—You do not know the details. Yet you have taken shares in that company.

Mr. P. V. Subramania Ayyar.—It is too much to know for one director or one share-holder about everything about a company. (Hear, hear).

Mr. E. Ikkanda Warriar.—Here it is not the case of one director. It is the case of a big share-holder taking one-fourth of the share-capital of the Company. Whether the Government has considered that aspect before they actually took up shares to the tune of a lakh and fifty thousand rupees?

Mr. President.— Government are convinced that the previous experience of Azhakappa Chettiar in the business world is sufficient to warrant their action in taking shares in this textile concern.

Mr. E. Ikkanda Warriar.—Will the Government give us some of those facts upon which Government came to the conclusion that the company will be able to go on with this concern?

Mr. President.—No more details can be added to what I have stated.

Mr. E. Ikkanda Warriar.—Thank you, Sir.

Loan raised by the Government— particulars regarding.

120. Mr. T. A. Ramachandra Ayyar.—Will the Government be pleased to state:—

1. the amount of loan raised by Government this year;
2. was the issue of the loan under-written by any one;
3. if so, by whom and what is the total commission paid to the under-writer;
4. were tenders called for under-writing;
5. if so, when and who were the tenderers;

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6. if not, why not;

7. did any Cochinite write to the Diwan stating that he would under-write;

8. for how much amount applications were received by Government;

9. what percentage of the applications were allotted to Cochinites;

10. what are the special reasons for allotting in full applications for 20 lakhs by the under-writers;

11. the total allotment made to Cochinites from this 20 lakhs and the amount allotted to Cochinites from the balance of ten lakhs;

12. the reason for allowing the amount to be paid in instalments;

13. the total amount of expenditure incurred by Government for raising this loan;

14. the number of Government servants from Cochin who have subscribed for this?

Mr. P. V. Subramania Ayyar—1. Rs. 30 lakhs.

2. Yes.

3. Messrs. Dalal & Co., Madras. Rs. 30,000.

4, 5 and 6. No tenders were called for for under-writing as it is not usual to call for such tenders in the case of the floatation of loans by Governments. Negotiations were, however, carried through certain brokers and bankers.

7. Yes; one gentleman wrote to the Diwan stating that he is prepared to under-write the loan. This letter was, however, received after all the arrangements were completed.

8. Rs. 53,97,900.

9. A.—*Individuals within the State.*

(1) Applications up to Rs. 2,000 in full.

(2) Applications up to Rs. 5,000—50% subject to a minimum of Rs. 2,000.

(3) Above Rs. 5,000—35% subject to a minimum of Rs. 2,500.

B.—*Institutions within the State.*

All applications—25% subject to a minimum of Rs. 2,000 and a maximum of Rs. 25,000.

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10. That was the stipulation made by this Government in order to ensure success of the loan.

11. Rs. 25,000 from Rs. 20 lakhs and Rs. 3,17,700 from the balance of Rs. 10 lakhs.

12. As the full amount was not immediately required by Government the total amount was called for in instalments with a view to prevent any loss of interest to Government. It was also thought that it would be in the interests of the subscribers to receive the payment in instalments.

13. The total expenditure has not yet been arrived at.

14. Two.

Mr. T. A. Ramachandra Ayyar.— Sir, it is said that negotiations were carried through certain brokers and bankers. Were there not brokers and bankers to be negotiated in this matter in Cochin?

Mr. President.— Government are not aware of any class of brokers or bankers in Cochin State who could deal with such transaction.

Mr. P. Govinda Menon.—Sir, may I know whether the Government are aware that the Travancore Government had paid 1/16 per cent only as under-writing commission on their recent loan?

Mr. President.—There was no under-writing at all.

Mr. E. Ikkanda Warriar.—Is there any Government which has paid under-writing commission in recent years for getting these loans?

Mr. President.— Of-course, all Governments.

Mr. E. Ikkanda Warriar.—May I know, who are they?

Mr. President.—One cannot carry all their names in one's head. In fact the Government of India had at one time paid under-writing commission to brokers in London.

Mr. E. Ikkanda Warriar.—In raising loans, may I know whether any Government has given under-writing commission in recent years?

Mr. President.—It is on the basis of experience elsewhere that we also managed the present loan.

Mr. E. Ikkanda Warriar.—The Mysore and Travancore Governments raised loans and they never paid any under-writing commission.

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Mr. P. V. Subramania Ayyar.—I do not think the Hon'ble Member would be able to give a Statement to that effect.

Mr. E. Ikkanda Warriar.—The Hon'ble President himself said that the Travancore Government has not paid any underwriting commission in their recent loan. With regard to the three per cent Mysore Government Loan, I never saw the names of Under-writers in the prospectus. It might have escaped my notice. That is why I am asking.

Mr. P. V. Subramania Ayyar.—That Government raised the loan only after we raised it.

Mr. E. Ikkanda Warriar.—Then, why were you in a hurry to raise the loan ?

Mr. President.—We cannot wait for other Governments raising loans.

Mr. E. Ikkanda Warriar.—You had 75 lakhs of rupees and you wanted only 48 lakhs in the course of two or three years. When you had such a surplus, what was the necessity to rush through the raising of a loan ?

Mr. President.—In the opinion of the Government it was thought proper to take advantage of the position of the money-market, at the time of this loan. Government had absolutely no information that the Travancore Government were going to raise a loan at all.

Mr. E. Ikkanda Warriar.—My question is why did the Government in the face of 75 lakhs of rupees in cash with them raise this loan ?

Mr. President.—That has been explained in my opening speech.

Mr. K. M. Ibrahim.—With regard to the 3 % Mysore Loan, was it raised before our loan or after our loan.

Mr. President.—Mysore Government has raised many loans in the market. It is not the first time that they raise a loan.

Mr. T. A. Ramachandra Ayyar.— What is the objection in calling for tenders ?

Mr. President.—It is not done anywhere. No Government goes about calling for tenders for under-writing. It is a matter for negotiation. So many details have to be settled, the period of the loan, the period of repayment, the under-writing

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commission, the rates of interest, all these details have to be carried on by negotiations before raising the loan.

Mr. E. Ikkanda Warriar.—May I know whether they asked any of the legal advisors of the State to authorise the Dalal & Co., to receive money ?

Mr. P. V. Subramania Iyer.—No. It was not considered to be necessary.

Mr. E. Ikkanda Warriar.—Why did not the Government ask the local Banks to receive the money since they authorised some of the local Bankers to receive the money when they raised the 75 lakhs loan?

Mr. P. V. Subramania Ayyar.—It was based on that experience that the practice was not followed this time.

Mr. E. Ikkanda Warriar.—May I know what your experience was ?

Mr. P. V. Subramania Ayyar.—That cannot be divulged.

Mr. E. Ikkanda Warriar.—Did they not receive the money and pay it to you?

Mr. P. V. Subramania Iyer.—They did.

Mr. E. Ikkanda Warriar.—Then what was your particular reason for not allowing them this time?

Mr. P. V. Subramania Iyer.—That I cannot divulge.

Mr. E. Ikkanda Warriar.—Who were the banks who were authorised to receive money on behalf of the Government?

Mr. P. V. Subramania Ayyar.—That has been published in the prospectus.

Mr. E. Ikkanda Warriar.—May I know who this Dalal and Co., of Madras is?

Mr. President.—A firm of brokers in Madras.

Mr. E. Ikkanda Warriar.—May I know what their financial position is? Is it sound?

Mr. President.—Quite sound.

Mr. E. Ikkanda Warriar.—What their share capital is?

Mr. President.—The Government is not prepared to disclose all that.

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